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ABSTRACT

This paper emphasizes the need in junior colleges for comprehensive fiscal planning so that academic planning can be realistically linked to available revenues. Such planning would incorporate the following considerations: (1) available dollars should be used more efficiently since increased expenditures do not necessarily increase educational effectiveness; (2) fiscal planning should be done one or two years in advance, and up to five and 10 years in less detail; (3) fiscal decisions should be made considering possible benefits to be derived, past performance, and an estimate of the total, rather than initial, costs; (4) a humanistic view must be incorporated into the whole planning process to support institutional morale; (5) many of the revolutionary schemes, such as PPBS, that claim to solve all fiscal problems are not that efficient; and (6) academic planning and reform and fiscal planning cannot be separated. (RN)

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TOPIC: Fiscal Planning at the Community College Level

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From my relatively limited experience, few two year colleges really conduct fiscal planning in any comprehensive sense. Too often, because of the very rapid growth, particularly in the community college area, facilities planning with price tags substitutes for fiscal planning. Today it is imperative for community college presidents to spend more time and effort and money on fiscal planning. Today, state boards of education, state legislatures, and local sponsors are breathing down our necks--and we hear words and phrases like accountability and the need to run the college like a business. For too long too many of us have assumed that money from state and local sources would continue to flow into our campuses in ever increasing amounts without any questions being asked. John Lombardi, in the ERIC publication "Financial Crisis in the Community College" puts it this way:

> "An outcome of the tremendous growth in community colleges is the attention it attracted--favorable at first, but more questioningly as the growth absorbed an increasingly large proportion of state budgets. When budgets are critically examined, educators naively express surprise,

expecting legislators to continue accepting their requests without too much scrutiny and with few strings attached."

The mystique of higher education has been shattered, and we have been removed from our Number 1 ranking on society's priority list. As Lombardi aptly summarizes: public disaffection, student activism, arrogance during our "golden years", and inflation--all of these factors contribued to our current economic condition. And the future is liable to be even bleaker unless we put our house in order before others do it for us.

The prestigious Carnegie Commission in its June, 1972 report entitled "The More Effective Use of Resources--An Imperative for Higher Education" puts it much more succinctly than most educational reports when it says: "The central thrust of this report is that the total institutional expenditures of higher education must be, should be, and can be reduced by nearly $10 billion per year by 1980. This is approximately a 20% reduction."

It is obvious that fiscal planning which realistically links academic aspirations with revenues available for both a short-term and a long-term period of time is sorely needed. A few community colleges have recognized the problem and are gallantly struggling to meet the challenge. It's time for all of us to fight the battle of the budget together--and not merely by going to the public trough pleading for more and more funds.

We need to prove to our publics that we are currently getting a dollar's worth of value out of each dollar spent and that increased revenue is really needed. The halcyon days are indeed past.

We also need to understand that additional money will not solve our problems. For years federal and state governments have poured millions of dollars into educational projects with little concrete evidence that these expenditures have increased the effectiveness of the educational system or improved the student output. We must learn to make more efficient and effective use of the dollars already available to us. We must become a more efficient delivery system for the educational dollar or be prepared for even more disenchantment on the part of our supporters.

As an aside, I might add that we should not and cannot expect Uncle Sam to bail us out of financial difficulty. The recently passed Omnibus Higher Education Bill will bring some relief, but most of it is intended as supplemental aid. And of course we must always remember that there is many a slip between authorization and appropriation--between promises and delivery.

There are several views of fiscal planning apparent among the chief administrative officers of community colleges. Among them are:

a.) the anti-planners==who say we are growing so fast, programs change so rapidly, the politicians vacillate so much that we can't plan ahead--so why put a lot of time and money into it.

b.) the futurists--who believe that with the help of the computer and a battery of institutional research specialists we can and should plan 10 and 20 years or even further into the future.

We need planning which makes an accommodation between the do-nothings and the futurists. We can plan with a good degree of certainty a year or two in advance and thus exercise some control over our future state. And we can plan five and ten year futures in less detail, realizing that these plans must be tentative and possibilities for change must be built in. Planning, like sex and alcohol, is beneficial in moderation.

There are also differing views on the resource allocations resulting from our long-range planning. Some presidents take the view that budgeting should be incremental--don't spend too much time examining the past and the possibilities of the future but add to what you have, preferably on a percentage basis. This results in a fragmented approach with pieces of the fiscal plan examined separately and never related to each other and possibly never related to the goals of the institution. In this style, who gets how much is determined more by power and influence than by real need or justification or planning.

Others take an economic view (gaining in popularity in recent years) in which resource allocation is based upon cost benefits and cost effectiveness analyses. This is a logical, rational process which through the use of formulas places cost and related data in a computer which points out precisely how limited funds shall be appropriated.

The active fusion of these two views, not in theory but in practice must result in the use of institutional goals and objectives as guides for fiscal planning and decision making. Fiscal decisions should be made with some consideration of possible benefits to be derived, past performance, and an estimate of the total life-cycle costs rather than the "foot-in-the-door; we can afford it this year" technique. At the same time, we must remember the difficulty of specifying the outputs of higher education. Higher education is a labor-intensive enterprise. Like gourmet cooking, hair styling, or creative writing, there are limits to the extent that we can cut corners and still get a quality job done. When political reality conflicts with economic rationale, politics usually determines the shape of the compromise.

A humanistic view must be incorporated into the whole planning process. Institutional morale is a delicate thing, and if lost through some cold impersonal political and economic process, is difficult to recover. Therefore, fiscal planning should be sufficiently democratic so that those affected by the decisions have the opportunity to supply input and be involved to the greatest extent possible. This view also stresses the importance of communications so that everyone is knowledgeable not only about the "what" but also the "why" and "who" of fiscal decisions. Acceptance of the decisions and plans is as important as the decisions and plans themselves.

Finally, let me suggest that we should be extremely leary of proponents of revolutionary schemes which will solve all of

our fiscal problems. Few of the ideas are really revolutionary and many of them do not work as efficiently as their proponents claim. PPBS has been cited as a revolutionary management tool. Yet it is far from revolutionary; it is mostly classical management. Relating planning and programming to budgeting was discussed by Smithies and others over 20 years ago. And Wildansky claims (and I must agree) no one really understands or knows how to do program budgeting.

PPBS is no knight in shining armor to save us from fiscal disaster. If we are to survive the current recession in higher education, we will have to do it on our own. It will require both hard work and hard decisions. There is a definite relationship between the current fiscal crisis and the need for academic reforms. The nickel and dime proposals for economy which are common today, as for example the brochure, "319 Ways Colleges are Meeting the Financial Pinch" are a start but they don't get to the heart of the matter, or examine the relationship of suggested cuts to academic quality. Real diseconomies, not economies, could result. At the heart of the matter are questions about such topics as faculty productivity, teaching loads, class size, and teaching methods.

Obviously academic planning and reform and fiscal planning cannot be separated. At times, decisions will have to be made in favor of the academic side because, for example, we believe in teaching technical programs even though they are expensive. At other times, decisions will be made in favor of the fiscal side because we simply do not have sufficient funds to do everything we would like.

Community colleges cannot afford to be all things to all people. We must choose those areas and activities where the need is greatest and where we have the expertise to do the best job. To do this requires careful fiscal planning which is comprehensive in the sense that it includes academic input and possible implications as well as widespread involvement to the extent possible. Fiscal planning must be a continuous, sequential process which is adaptable to changes and allows for updating. One person, the president, must provide the necessary leadership and coordination. If the president fails to meet this challenge, he fails to meet one of his most crucial responsibilities as the chief educational administrator.

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